Remarks

Basis for Amendments

In the claims, claims 1, 2, 3, 5, 6, 7, 8, 9, 14, 17, and 18 have been amended to further distinguish Applicant's claimed invention and to enable allowance of these claims. The claims have been amended by including structure and a tangible useful result to a user, in order to overcome the 35 U.S.C. § 101 rejections in the Office communication of March 4, 2003. There are a number of claimed features that distinguish the present claimed invention, as amended, from the cited reference, including the use required licenses and federal, state and other jurisdictional requirements, as well as enabling a user to display, edit, and store audit loan data and loan compliance rules. When a loan audit request is received, the present claimed invention compares loan compliance rules with loan audit data to determine a loan audit compliance result, and notifies the user who requested the loan audit of the determined loan audit result. The claim amendments are fully supported by the specification as filed.

Response to Claim Rejections Under 35 U.S.C. § 101

The Office has rejected claims 1-21 under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. As noted above, claims 1, 2, 3, 5, 6, 7, 8, 9, 14, 17, and 18 have been amended to include structure and a tangible useful result to a user, in order to overcome the 35 U.S.C. § 101 rejections in the Office communication of March 4, 2003. Applicant requests reconsideration of the 35 U.S.C. 101 rejections and examination of all claims.

Response to Claim Rejections Under 35 U.S.C. §102(b)

The following issue is presented: Whether claims 1-10, 12-20, 22-33, 35 and 39-42 are anticipated under 35 U.S.C. § 102(b) as being anticipated by McClelland et al (U.S. Patent No. 5,689,650). 35 USC § 102(b) provides the following:

A person shall be entitled to a patent unless --

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or --

If examination at the initial stage does not produce a prima facie case of unpatentability, then without more, the applicant is entitled to the grant of the patent. See *In re Oetiker*, 977 F. 2d 1443 (Fed. Cir. 1992). Under 35 U.S.C. § 102, anticipation requires that there is no difference between the claimed invention and reference disclosure, as viewed by a person of ordinary skill in the field of the invention. See *Scripps Clinic & Research Foundation v. Genentech, Inc.*, 927 F.2d 1565. Anticipation requires the presence in a single prior art reference disclosure of each and every element of the claimed invention, arranged as in the claim. *See Lindemann Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 730 F.2d 1452. In the present case, the Office asserts that Applicant's claims 1-10, 12-20, 22-33, 35 and 39-42 are set forth in McClelland et al. As more fully set forth below, Applicants believe that this is not the case. Since the Office has failed to establish that there is no difference between the claimed invention and the reference of McClelland et al, the Applicant requests withdrawal of the rejections and reconsideration of the patent with respect to the above-referenced claims.

Discussion of Independent Claim Rejections Under 35 U.S.C. § 102(b)

Regarding independent claim 1 (currently amended), there is no teaching or suggestion in the McClelland reference for (a) "allowing a user to display and enter loan audit compliance data, comprising the steps of receiving and displaying loan audit data on a user interface of a computer system and storing the loan audit data in a loan data database in the computer system". There is no teaching or suggestion in the McClelland reference for (b) "allowing a user to interactively build loan compliance rules comprising the steps of enabling the user to interactively build loan compliance rules on a user interface of the computer system and storing the loan compliance rules in a loan compliance rules database in the computer system". There is no teaching or suggestion in the McClelland reference for (c) "responding to a loan audit request received from a user on a user interface of the computer system comprising the steps of retrieving the loan compliance rules from the loan compliance rules database, retrieving the loan audit data from the loan data database, comparing the loan compliance rules to the loan audit data to determine a loan audit compliance result, and notifying the loan audit request user of the determined loan audit compliance result.". The McClelland reference fails to disclose each and every element of the claimed invention, arranged as in claim 1. Therefore, a *prima facie* case for unpatentability of claim 1 (currently amended), based on anticipation under 35 U.S.C. § 102 (b), is not supported by the McClelland reference.

Regarding independent claim 2 (currently amended), there is no teaching or suggestion in the McClelland reference for (a) "allowing a user to display and enter loan audit compliance data comprising the steps of receiving and displaying loan audit data on a user interface of a computer system and storing the loan audit data in a loan data database in the computer system". There is no teaching or suggestion in the McClelland reference for

(b) "allowing a user to interactively build loan compliance rules on a user interface of the computer system comprising the steps of using applicable licenses for a geographic boundary, building loan compliance rules for all applicable licenses available within the geographic boundary and storing the loan compliance rules in a loan compliance rules database in the computer system, and associating licenses from the applicable licenses with a loan originator to form a set of loan originator applicable licenses and storing the list of loan originator licenses in the loan compliance rules database in the computer system". There is no teaching or suggestion in the McClelland reference for (c) "responding to a loan audit request received from a user on a user interface of the computer system comprising the steps of identifying a loan type and loan originator, retrieving the loan originator licenses for the loan type and loan originator from the loan compliance rules database, retrieving the loan compliance rules associated with the loan originator licenses from the loan compliance rules database, retrieving the loan audit data from the loan data database, comparing the loan compliance rules with the loan audit data to determine a loan audit compliance result, and notifying the loan audit request user of the determined loan audit compliance result". The McClelland reference fails to disclose each and every element of the claimed invention, arranged as in claim 2. Therefore, a *prima facie* case for unpatentability of claim 2 (currently amended), based on anticipation under 35 U.S.C. § 102 (b) is not supported by the McClelland reference.

Regarding independent claim 22 (original), there is no teaching or suggestion in the McClelland reference for (a) "electronically transferring loan data from a user interface embodied in a computer processor to a loan audit server computer over a communications network". There is no teaching or suggestion in the McClelland reference for (b) "at the user

interface computer, allowing a user to interactively build loan compliance rules using compliance based rule variables and rule building instructions comprising using licenses applicable to the state, building rules for all applicable licenses available within the state, and associating the applicable licenses with a loan originator to form a list of loan originator applicable licenses and storing the loan originator applicable licenses". There is no teaching or suggestion in the McClelland reference for (c) "storing the loan compliance rules in a database connected to the loan audit server computer". There is no teaching or suggestion in the McClelland reference for (d) "in response to a loan audit request, identifying a loan type and the loan originator, retrieving the applicable licenses for the loan type and the loan originator by the loan server, retrieving the loan compliance rules associated with the applicable licenses from the stored rules in the database by the loan server, comparing the loan compliance rules to loan data to determine loan audit compliance results by the loan server, and electronically transferring the loan audit compliance results from the loan server to the user over a communications network". The McClelland reference fails to disclose each and every element of the claimed invention, arranged as in claim 22. Therefore, a *prima facie* case for unpatentability of claim 22 (original), based on anticipation under 35 U.S.C. § 102 (b) is not supported by the McClelland reference.

Regarding independent claim 25 (original), there is no teaching or suggestion in the McClelland reference for (a) "a user interface for displaying and entering loan audit compliance data". There is no teaching or suggestion in the McClelland reference for (b) "a loan audit server communicating with the user interface that allows a user to interactively build a set of loan compliance rules using compliance base rule variables and rule building instructions, stores the loan compliance rules, and in response to a loan audit request,

identifies a loan type, determines the loan compliance rules that apply to the loan type, and compares the loan compliance rules to loan data associated with the loan audit request to determine loan audit results". The McClelland reference fails to disclose each and every element of the claimed invention, arranged as in claim 25. Therefore, a *prima facie* case for unpatentability of claim 25 (original), based on anticipation under 35 U.S.C. § 102 (b) is not supported by the McClelland reference.

Since every element of the claimed invention, arranged as in the independent claims, is not found in the single prior art reference of McClelland, McClelland et al does not anticipate Applicants' independent claims 1, 2, 22 and 25. Furthermore, claims 3-21, 23 and 42 are dependent upon independent claim 2, claim 24 is dependent upon independent claim 22, and claims 26-41 are dependent upon independent claim 25. These dependent claims are either directly or indirectly dependent upon independent claims 1, 2, 22 and 25, respectively, and therefore incorporate all the limitations of the independent claims while providing further unique and non-obvious recitations. Therefore, the rejection of these dependent claims as anticipated are also unsupported by the McClelland reference and should be withdrawn.

Detailed Response to Claim Rejections Under 35 U.S.C. § 102(b)

The Office bears the initial burden of establishing a *prima facie* case of anticipation. See *In re Piasecki*, 223 USPQ785, 788 (Fed. Cir. 1984). *If the examination of a patent application at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent*. See *In re Oetiker*, 24 U.S.P.Q. 2d 1443 (Fed Cir. 1992). As more fully set forth below, the Office has failed to meet its burden of establishing a *prima facie* case of anticipation under 35 U.S.C. § 102(b) with

regard to the rejection of claims 1-10, 12-20, 22-33, 35 and 39-42. Anticipation requires that there is no difference between the claimed invention and reference disclosure, as viewed by a person of ordinary skill in the field of the invention. The rejections of Applicants' claims 1-10, 12-20, 22-33, 35 and 39-42 are unsupported by McClelland et al. and should be withdrawn.

There are many distinguishing differences between Applicants' invention disclosure and the McClelland et al reference disclosure cited by the Office. As described and claimed in Applicants' specification, the present invention is a computer-implemented method and system for auditing loan compliance with government loan lending and licensing requirements. The McClelland reference disclosure teaches a network of data processes which may create diversified portfolios of Community Reinvestment Act (CRA) eligible assets through which investors can earn market returns and obtain CRA interests.

Turning to Applicants' independent claim 1 (currently amended), claim 1 claims a unique computer-implemented method for auditing loan compliance with government loan lending and licensing requirements. The McClelland reference describes an apparatus that is capable of determining if a financial loan instrument meets CRA requirements. More importantly, the McClelland reference does not include the first element "a" of claim 1, a means for entering, displaying and storing loan audit compliance data by a user. The passages cited by the Office in column 4, lines 22-26 merely states that participants may invest in portfolios, CRA interests may be allocated from each portfolio to specific investors, and the network may track and store data for reconstructing an audit trail of CRA interest. The passage cited by the Office in column 4, lines 33-35 merely states that the dual

accounting process enables financial institution to meet CRA requirements while avoiding credit concentrations in small geographic areas.

In additional consideration of claim 1, the McClelland reference does not include the second element "b" of claim 1, a means for building loan compliance rules. The passage cited by the Office in column 4, lines 36-67 merely describes collecting, storing, analyzing and allocating loan information, calculating portfolio return and risk, and calculating and distributing CRA interest. The passage cited by the Office in column 7, lines 3-27 merely describes establishing and maintaining different portfolios of CRA eligible investments structured as investment companies, and changing portfolio size and type over time. Tables 1-3 merely provide examples of criteria for qualifying loans, which are already closed and underwritten.

Considering further claim 1, the McClelland reference does not include the third element "c" of claim 1, comparing loan compliance rules with loan data to determine loan audit compliance, and notifying a user of a determined loan audit compliance result. Applicant is in agreement with the Office that McClelland does not disclose comparing loan compliance rules with loan data to determine loan audit compliance. There is also no disclosure in McClelland of notifying a user of a determined loan audit compliance result.

There is no disclosure of all the elements of claim 1 in the cited Office passages, or anywhere else in the McClelland reference disclosure. Therefore, claim 1 is not anticipated by the cited reference under 35 U.S.C. § 102(b), and should be withdrawn.

Regarding Applicant's independent claim 2 (currently amended), claim 2 claims a unique computer-implemented method for auditing loan compliance with government loan lending and licensing requirements. As discussed above with regard to element "a" of claim

1, the McClelland reference does not disclose element "a" of claim 1. Since element "a" of claim 2 is identical to element "a" of claim 1, element "a" of claim 2 is not disclosed in the McClelland reference disclosure.

Furthermore, considering element "b" of claim 2, element "b" discloses building loan compliance rules for all applicable licenses within a geographic boundary, and associating the geographically-associated licenses applicable to a loan originator to form a set of loan originator applicable licenses. Although the passage cited by the Office in column 8, lines 6-32 includes the words "any other licensed mortgage lender", Table 2 includes a category "Geographics", and Figures 1, 2 and 6 identify loan types as "1-4 FAMILY MORTGAGE", "MULTIFAMILY MORTGAGE", "SMALL BUSINESS LOAN", and "HOME EQUITY LOAN", there is no disclosure of element "b" of claim 2 in the cited passages, or anywhere else in the McClelland reference disclosure.

Considering element "c" of claim 2, there is no disclosure in the McClelland reference of element "c", responding to a loan audit request by identifying a loan type and loan originator, retrieving the loan compliance rules associated with the loan originator licenses, retrieving loan audit data, comparing the associated loan compliance rules with the loan audit data to determine a compliance result, and notifying a user of the compliance result.

There is no disclosure of all the elements of claim 2 in the cited Office passages, or anywhere else in the McClelland reference disclosure. Therefore, claim 2 is not anticipated by the cited reference under 35 U.S.C. § 102(b), and should be withdrawn.

Regarding Applicant's dependent claim 3 (currently amended), claim 3 claims building rules for all applicable licenses available within the geographic boundary using

compliance base rule variables and rule building instructions, and storing the rules in a rule library. There is no disclosure of dependent claim 3 in the cited Office passage of Tables 1-3, or anywhere else in the McClelland reference disclosure. Therefore, claim 3 is not anticipated by the cited reference under 35 U.S.C. § 102(b). In addition, since claim 3 is dependent on claim 2, which has been shown to be not anticipated, claim 3 is also not anticipated under 35 U.S.C. § 102(b). Therefore the rejection of claim 2 is unsupported by the cited reference, and should be withdrawn.

Regarding Applicant's dependent claims 4 (original) and 5-9 (all original), these claims involve allowing a user to add new licenses, to available applicable licenses and to add new rules for the new license, storing loan compliance rules in a rule library, allowing a user to review, change and modify an existing rule in the rule library, and where compliance rule variables represent data elements in a loan file. There is no disclosure of dependent claims 4-9 in the cited Office passage of column 8, line 11-12, or anywhere else in the McClelland reference disclosure. The cited lines 11-12 merely state, "any other licensed mortgage lender may be eligible for inclusion in the network." There exists no logical connection between the cited passage and claims 4-9. Therefore, claims 4-9 are not anticipated by the cited reference under 35 U.S.C. § 102(b). In addition, since claims 4-9 are indirectly dependent on claim 2, which has been shown to be not anticipated, claims 4-9 are also not anticipated under 35 U.S.C. § 102(b). Therefore the rejections of claims 4-9 are unsupported by the cited reference, and should be withdrawn.

Regarding Applicant's dependent claim 10 (original), claim 10 claims allowing the user to build rules by specifying equations using base rule variables. There is no disclosure of dependent claim 10 in the cited Office passage of Tables 1-3, or anywhere else in the

McClelland reference disclosure. Therefore, claim 10 is not anticipated by the cited reference under 35 U.S.C. § 102(b). In addition, since claim 10 is dependent on claim 3, which has been shown to be not anticipated, claim 10 is also not anticipated under 35 U.S.C. § 102(b). Therefore the rejection of claim 10 is unsupported by the cited reference, and should be withdrawn.

Regarding Applicant's dependent claims 12-20 (original or currently amended), these claims involve associating loan compliance rules with a license to form a set of assigned compliance rules, defining the geographic boundary as a state, allowing a user to display and enter loan data over a communications network or global communications network to a rule library, identifying and storing applicable exemptions to government license requirements in assigned compliance rules, where loan originator requirements are state loan requirements, where the loan originator requirements are federal loan requirements, where the licensing requirements are state licensing requirements, and where the licensing requirements are federal licensing requirements. There is no disclosure of dependent claims 12-20 in the cited Office passage of column 21, line 7-19, column 22, lines 39-43, column 23, lines 13-14 or anywhere else in the McClelland reference disclosure. The cited passage of column 21, lines 7-19 merely discloses single and multiprocessor configurations, where a single processor implementation comprises inter-process messaging, virtual device drivers, and a data storage device, and a multiprocessor configuration comprises communication lines, OSI models, TCP/IP protocols, asynchronous transfer mode, and other hybrid networks. The cited passage of column 22, lines 39-43 describe alternative communication links between participants and the client service administrator. The cited passage of column 23, lines 13-14 merely describe the information

requested for network participation. None of these cited passages contain the elements of Applicant's dependent claims 12-20. Therefore, claims 12-20 are not anticipated by the cited reference under 35 U.S.C. § 102(b). In addition, since claims 12-20 are indirectly dependent on claim 2, which has been shown to be not anticipated, claims 12-20 are also not anticipated under 35 U.S.C. § 102(b). Therefore the rejections of claims 12-20 are unsupported by the cited reference, and should be withdrawn.

Regarding Applicant's independent claims 22 and 25 (both original) and dependent claims 23, 24, 26-33, 35, and 39-41 (all original), the Office has rejected these claims under the same rationale as the claims discussed above. Since the claims discussed above have been shown to be not anticipated by the McClelland reference disclosure, these claims 22-33, 35, and 39-41 are not anticipated by the cited reference under 35 U.S.C. § 102(b). In addition, since claim 23 is dependent on claim 2, which has been shown to be not anticipated, claim 23 is also not anticipated under 35 U.S.C. § 102(b). Therefore the rejections of claims 22-33, 35, and 39-41 are unsupported by the cited reference, and should be withdrawn.

Regarding claim 42, since claim 42 is dependent on claim 23, which has been shown above to be not anticipated, claim 42 is also not anticipated under 35 U.S.C. § 102(b). Therefore the rejection of claims 42 is unsupported by the cited reference, and should be withdrawn.

Response to Claim Rejections Under 35 U.S.C. 103(a)

Regarding dependent claims 21, 34, and 36-38 (all original), these claims have been rejected by the Office under 35 U.S.C. §102(b) as being anticipated by McClelland et al in view of Pepe et al. Applicant assumes these rejections are based on obviousness under 35

U.S.C. § 103(a) rather than 35 U.S.C. 102(b). Since claim 21 is indirectly dependent on claim 2, and claims 34, and 36-38 are indirectly dependent on claim 25, where independent claim 2 and independent claim 25 have been shown to be not anticipated and patentable, claims 21, 34, and 36-38 are neither obvious under 35 U.S.C. § 103(a) nor anticipated under 35 U.S.C. § 102(b). Therefore the rejections of claims 22-33, 35, and 39-41 are unsupported by the cited references, and should be withdrawn.

Summary

The responses detailed above rebut the assertions by the Office of anticipation and obviousness of Applicant's invention, since all the elements of Applicant's claimed invention are not found in the cited reference of McClelland et al., or in the cited references of McClelland et al in view of Pepe et al. The responses substantiate the novelty and nonobviousness of claims 1-42 of Applicant's specification over the cited references. Since the rejections are unsupported for failure to find all Applicant's claim limitations in McClelland et al, as well as in McClelland et al in view of Pepe et al, the rejections should be withdrawn.

Applicant has made a diligent effort to distinguish the present invention over the referenced art and to place the claims in condition for allowance. However, should there remain unresolved issues that require adverse action, it is respectfully requested that the Examiner telephone Douglas D. Russell, Applicants' Attorney at 512-338-4601 so that such issues may be resolved as expeditiously as possible. For these reasons, and in view of the above amendments, this application is now considered to be in condition for allowance and such action is earnestly solicited. Reconsideration and further examination is respectfully requested.

Respectfully Submitted,

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Date

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